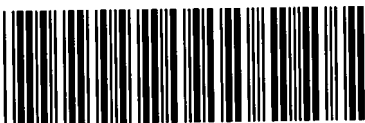


## **MGM Advantage Services Limited**

**Company registration number:  
08395935 (England and Wales)**

**Annual Report and Financial Statements  
for the year ended 31 December 2018**

TUESDAY



\*A8BRS3ZF\*

A21

13/08/2019

#30

COMPANIES HOUSE

# Contents

Directors, Officers and Advisers	2
Strategic Report	3
Directors' Report	6
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16

# Directors, Officers and Advisers

## Directors

Robert Craig Fazzini-Jones

Douglas Allan Brown

## Independent Auditor

Deloitte LLP

Bristol

## Non-Executive Directors

John Robert Cusins

Sir William Proby CBE

Nathan Moss

## Bankers

Barclays Bank Plc

## Chairman

Derek Nigel Donald Netherton

## Legal Advisers

Freshfields LLP

Hogan Lovells International LLP

Pinsent Masons LLP

Sherrards Solicitors LLP

Wallace LLP

## Company Secretary

Abayomi Akisanya

## Registered office address

6<sup>th</sup> Floor

110 Cannon Street

London

EC4N 6EU

## Company registration number

08395935 (England and Wales)

# Strategic Report

The Directors consider that the content of this Strategic Report includes the detail that is required by regulations and is fair, balanced and understandable.

## Principal activities

The principal activity of MGM Advantage Services Limited (the 'Company') is the provision of administration and other ancillary services in respect of annuity income and retirement solutions business in the United Kingdom. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company is a wholly-owned subsidiary of MGM Advantage Holdings Limited (incorporated in the United Kingdom), which is the parent of the MGMA Group (also includes MGM Advantage Life Limited, MGM Advantage Life Trustee Limited, and Stonehaven UK Ltd). MGM Advantage Holdings Limited is in turn is a wholly-owned subsidiary of The Canada Life Group (U.K.) Limited (the 'Group') (incorporated in the United Kingdom). The Company is ultimately owned by Power Corporation of Canada (incorporated in Canada).

The Company earns fee income by performing policy administration and corporate servicing principally on behalf of its fellow subsidiary undertaking MGM Advantage Life Limited. This servicing is performed under a contractual services agreement.

## Business review

2018 began with the acquisition of the Company's parent company by Canada Life Group (U.K.) Limited. The acquisition completed on 2 January 2018. This transaction resulted in the ultimate parent company becoming Power Corporation of Canada, a company incorporated in Canada.

The Company receives policy origination fees when MGM Advantage Life Limited sells a policy and subsequently receives ongoing maintenance fees. In accordance with the services agreement these fees are regularly reviewed to reflect the business levels and changes to services required by MGM Advantage Life Limited. The Company also undertakes projects on behalf of MGM Advantage Life Limited and for CLFIS (U.K.) Limited for which it receives project fees.

The outsourcing partnerships that the Company entered into in 2016, in particular with Equiniti Plc. covering Customer Services, Information Technology and Project Change, have continued to perform well in 2018. These partnerships mean that the Company has fixed a significant portion of its cost base. Low new business volumes have resulted in lower service fee income however MGM Advantage Life Limited paid additional fees in 2018 in order to ensure that the Company retained the capabilities and capacity to support increased new business volumes in the future.

With the Canada Life transaction completing, the Company also benefited from synergy savings on net operating expenses, primarily from several senior managers moving to CLFIS (U.K.) Limited or leaving the business.

The results for the year are reported in the Statement of Profit or Loss and Other Comprehensive Income.

## Risk management and controls

The Company is not materially exposed to any financial risk, other than credit risk to fellow Group companies for recovery of fees charged and interest rate risk which is managed on a group-wide basis. Periodic settlement of intra-Group balances is carried out. The cash requirements of the Company, and the other companies under common control, are monitored on a daily basis and are managed to ensure that each has sufficient liquidity to carry out its activities.

The Company's risk management process includes the monitoring of regulatory, operational, reputational and strategic risks by the Board. Risk is managed on a group-wide basis.

# Strategic Report (cont.)

## Business review (cont.)

### Capital requirements

The Company is currently subject to a capital requirement which is the higher of £20,000 or 2.5% of annual regulated income, being £0.4m at 31 December 2018. As at 31 December 2018, the Company had total regulatory capital resources of £0.6m (2017: £0.9m).

The Company complied with all regulatory imposed capital requirements throughout the financial year.

## Analysis of Key Performance Indicators

### Service fee income

The Company generated £17.6m (2017: £22.1m) of service fee income in the year from services provided to other Group companies, predominantly to MGM Advantage Life Limited.

### Result for the year

The Company made a loss after taxation for the year of £1.0m (2017 loss: £0.6m) including non-recurring expenses arising in the year. This result reflects the service charges paid by MGM Advantage Life Limited covered the Company's expense base and so the loss for the year was primarily from the amortisation charge on intangible assets.

### Net Assets

The Company had £0.6m (2017: £1.6m) of total equity as at 31 December 2018.

## Analysis of Alternative Performance Indicators

### Operating Expenses

Operating expenses for the year, net of recharges of projects costs incurred on behalf of other MGMA Group companies, and excluding non-recurring expenses or expense credits were £18.5m (2017: £22.8m), with the reduction being driven by synergies created from the Canada Life acquisition in the year. The project and non-recurring spend of £9.4m (2017: £6.6m) in 2018 was largely focused on improving the products on offer, especially MGM Advantage Life Limited's Retirement Account ("TRA"), with spend also required to rebrand to Canada Life.

### Number of policies serviced

Circa 28,000 (2017: 27,000) policies were administered on behalf of MGM Advantage Life Limited in the year.

## Corporate and social responsibility

### Service Standards

The Company has an outsource agreement with Equiniti Plc. for all customer service activity. Clear service standards and robust governance is in place for all elements of the Business Process Outsource. Actual performance compared to those service standards is reported on a monthly basis and discussed in regular forums as per the Governance Schedule. There were no significant issues arising from any service provided by Equiniti during the financial year.

### Climate Change

The parent company of The Canada Life (U.K.) Group Limited, Great-West Lifeco Inc., conducted an environmental audit under a global sustainability reporting programme, Carbon Disclosure Project (CDP). The CDP is a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. As part of the CDP's climate change programme, companies can earn a position on the "A List" by disclosing high-quality data related to their carbon emissions and the management of climate change related risks and opportunities.

# Strategic Report (cont.)

## Employees

The Company employed an average of 69 staff during 2018 (2017: 73). The Company employed a total of 59 staff as at 31 December 2018 (2017: 77).

## Employee involvement

Throughout the year, the MGMA Group and Company has endeavoured to provide employees with information about the financial and economic factors affecting the Group. Individual appraisals and counselling take place with all members of staff at which they are encouraged to express their views on decisions likely to affect their interests. Written material is made available to employees by means of circulars, handbooks, notice boards and through 'Connect', the Group's intranet site. The MGMA Group operates a bonus scheme in which the employees of the Company participate. The scheme aims to encourage employee involvement in the MGMA Group's performance.

## Equal opportunities

The MGMA Group is committed to eliminating discrimination and developing a truly diverse workplace. The aim is for the workforce to be representative of all sections of society and for every member to feel respected and able to give their best. The Group ensures it does not discriminate either directly or indirectly in recruitment or occupation because of age, disability, sex, gender reassignment, pregnancy, maternity, race (including colour, nationality and ethnic or national origin), sexual orientation, religion or belief, or because of an individual's marital status/civil partnership.


Employees are treated fairly and with respect; selection for roles, promotion, training or other benefits is on the basis of aptitude and ability. Members of the workforce are helped and encouraged to develop to their full potential and the talents and resources of individuals will be fully utilised to maximise the performance of the MGMA Group.

The proportion of employees with conditions recognised under the Equality Act in the accounting period was 1.2% (2017: 2.6%). The gender balance of the Group as at 31 December 2018 was 44% female: 56% male (2017: 39% female: 61% male).

## Health and safety

The health and safety of the Company and MGMA Group's employees is a priority and is reviewed at regular intervals. Information on health and safety matters is communicated to staff through various communication channels.

This report was approved by the Board of Directors of MGM Advantage Services Limited and signed on its behalf by:



Robert Craig Fazzini-Jones  
Executive Director  
6<sup>th</sup> Floor  
110 Cannon Street  
London  
EC4N 6EU

12 April 2019

# Directors' Report

The Directors present their report on the affairs of the Company, together with the financial statements and Auditor's report for the year ending 31 December 2018.

## Incorporation

The Company was registered in England and Wales on 8 February 2013. The Company is a private limited liability company incorporated and domiciled in England and Wales. The Company commenced trading on 30 November 2013.

## Results and Dividends

The results for the year have been set out in the Statement of Profit or Loss and Other Comprehensive Income on page 12. Neither payment nor declaration of a dividend was made during the year ended 31 December 2018 (2017: nil).

## Directors

The Directors of the Company who served during the year and up to the date of signing, were as follows:

### Non-Executive Directors

Sir William Proby CBE

John Robert Cusins

Michael Edward Fairey (resigned 2 January 2018)

Brian Jonathan Magnus (resigned 2 January 2018)

Derek Nigel Donald Netherton (appointed 2 January 2018)

Nathan Moss (appointed 2 January 2018)

### Executive Directors

Robert Craig Fazzini-Jones

John Simon Bertie Smith (resigned 2 January 2018)

Douglas Allan Brown (appointed 2 January 2018)

## Directors' Indemnities

The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted by them in their capacity as officers or employees of the Company.

The Company maintains Directors' liability insurance cover which is renewed annually.

## Going Concern

Having regard to the Company's financial position, financial projections and its expected future performance, the Directors have a reasonable anticipation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the impact of the UK's anticipated exit from the European Union and as a predominantly UK focused business our operating model is not materially impacted by the UK's withdrawal from the EU. Accordingly, the annual report and financial statements have been prepared on the going concern basis.

## **Directors' Report (cont.)**

### **Information disclosed within the Strategic Report**

In accordance with s414(c) of the Companies Act 2006, the Company has set out the following information within the Strategic Report on pages 3-5 which would otherwise be contained within the Directors' Report:

- Financial risk management objectives and policies; and
- Future developments and events after the balance sheet date.

### **Political donations**

There were no donations for political purposes (2017: nil).

### **Disclosure of information to auditors**

Each of the persons who is a Director at the date of approval of this annual report confirms that:

So far as the Director is aware:

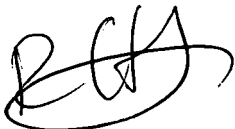
- there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent Auditor**

Deloitte LLP were appointed as the Company's auditor during the year and has expressed its willingness to continue in office.

Approved by the Board of Directors and signed on its behalf by:



Robert Craig Fazzini-Jones  
Executive Director  
6<sup>th</sup> Floor  
110 Cannon Street  
London  
EC4N 6EU

12 April 2019



## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MGM ADVANTAGE SERVICES LIMITED

### Opinion

In our opinion the financial statements of MGM Advantage Services Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Profit or Loss and Other Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the Notes to the Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Independent Auditor's Report (cont.)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

## Independent Auditor's Report (cont.)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland, FCA  
Senior Statutory Auditor  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Bristol

12 April 2019

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

		Year ended 31 Dec 2018	Year ended 31 Dec 2017 Restated
	Notes	£'000	£'000
Service fees and other income	3	26,762	28,804
<b>Total revenue</b>		<b>26,762</b>	<b>28,804</b>
Net operating expenses	4	(27,930)	(29,362)
<b>Operating loss</b>		<b>(1,168)</b>	<b>(558)</b>
Investment income	5	8	1
<b>Loss before tax</b>		<b>(1,160)</b>	<b>(557)</b>
Income tax credit/(charge)	6	189	(1)
<b>Loss for the year</b>		<b>(971)</b>	<b>(558)</b>
Total other comprehensive income for the year, net of tax		-	-
<b>Comprehensive income for the year, net of tax</b>		<b>(971)</b>	<b>(558)</b>

All amounts derive from continuing operations.

The 2017 result has been restated to gross up the service fee income and net operating expenses for £2,263k of revenue previously included within net operating expenses. This has no impact to the loss before or after tax of the Company.

The notes on pages 16 to 32 form an integral part of the financial statements.

# Statement of Financial Position

As at 31 December 2018

		As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
	Notes		
<b>Assets</b>			
Deferred taxation	7	244	268
Intangible assets	8	-	733
Financial investments	9	2,362	4
Income tax receivable	10	101	340
Amounts due from related undertakings	11	1,382	3,122
Trade and other receivables	12	168	4
Prepayments	13	374	626
Cash and cash equivalents	14	367	3,037
<b>Total assets</b>		<b>4,998</b>	<b>8,134</b>
<b>Equity</b>			
Issued ordinary share capital	15	10,900	10,900
Retained earnings	15	(10,255)	(9,284)
<b>Total equity</b>		<b>645</b>	<b>1,616</b>
<b>Liabilities</b>			
Amounts due to related undertakings	11	478	-
Trade and other payables	16	3,875	6,518
<b>Total liabilities</b>		<b>4,353</b>	<b>6,518</b>
<b>Total equity and liabilities</b>		<b>4,998</b>	<b>8,134</b>

The notes on pages 16 to 32 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 12 April 2019 and were signed on their behalf by:



Robert Craig Fazzini-Jones, Executive Director  
MGM Advantage Services Limited  
Registered no. 08395935

## Statement of Changes in Equity

For the year ended 31 December 2018

	Ordinary share capital	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000
<b>Balance as at 1 January 2017</b>	<b>10,900</b>	<b>(8,726)</b>	<b>2,174</b>
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(558)	(558)
<b>Balance as at 31 December 2017</b>	<b>10,900</b>	<b>(9,284)</b>	<b>1,616</b>
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(971)	(971)
<b>Balance as at 31 December 2018</b>	<b>10,900</b>	<b>(10,255)</b>	<b>645</b>

No dividends were declared or paid during the year.

The notes on pages 16 to 32 form an integral part of the financial statements.

# Statement of Cash Flows

For the year ended 31 December 2018

		Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
	Note		
<b>Cash flows from operating activities</b>			
Policy administration service fees received		20,566	20,917
Payments to suppliers and employees		(29,681)	(29,932)
Recharged expenses received		8,795	7,735
Purchase of FVTP&L financial investments		(9,000)	-
Proceeds from disposal of financial investments		6,650	2,190
Investment income charges rebated		-	1
Corporation tax received		-	54
<b>Net cash (used from)/from operating activities</b>		<b>(2,670)</b>	<b>965</b>
<b>Cash flows from financing activities</b>			
Group relief tax recovered		-	1,434
<b>Net cash from financing activities</b>		<b>-</b>	<b>1,434</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,670)</b>	<b>2,399</b>
Cash and cash equivalents at beginning of year		3,037	638
<b>Cash and cash equivalents at end of year</b>	14	<b>367</b>	<b>3,037</b>

The notes on pages 16 to 32 form an integral part of the financial statements.



# Notes to the Financial Statements

## 1. Accounting policies

### a) General

MGM Advantage Services Limited (the 'Company') was incorporated in England and Wales on 8 February 2013. The Company is a limited liability company domiciled in England and Wales. The Company commenced trading on 30 November 2013.

### b) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on an ongoing basis under the historical cost convention, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services. Service revenue and project fee recharges are recognised in the accounting period in which the services are rendered and are presented separately in statement of profit or loss and other comprehensive income where the Company acts as principal and bears the risks and rewards of the transaction.

### d) Significant judgements and estimates made in the process of applying the Company's accounting policies

The preparation of the Company's financial statements requires management to make judgements, including those involving estimations that can significantly affect the amounts recognised in the financial statements. Management has made judgement in determining the value placed on intangible assets, the fair value level of the financial investments, and the recoverability of assets.

### e) Valuation of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### f) Net operating expenses

Net operating expenses, which include administrative expenses, are recognised on an accruals basis as incurred and are disclosed in further detail in note 4.

## **1. Accounting policies (cont.)**

### **g) Income tax expense**

#### ***Current income tax***

Current income tax is based on taxable profits or losses for the year, after any adjustments made in respect of prior years. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute current income tax amounts are those that are enacted by the statement of financial position date.

#### ***Deferred income tax***

Deferred income tax is provided using the statement of financial position liability method, which focuses on temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. The tax rates and laws used to compute deferred tax assets and liabilities are those that are enacted or substantively enacted by the statement of financial position date. Deferred tax assets are recognised when it is probable that future taxable profit will be available to utilise the temporary differences. Deferred tax liabilities are recognised for all temporary taxable differences. The Company has right of legal offset of its deferred tax assets and liabilities and therefore these are presented net in the statement of financial position.

### **h) Foreign currencies**

The financial statements of the Company are presented in sterling, the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### **i) Intangible assets**

Intangible assets include intellectual property acquired. The intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Impairment reviews are carried out annually and any losses arising are recognised in the statement of profit or loss and other comprehensive income.

Amortisation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets as follows:

Intellectual property, contracts and licenses	5 years
---	---------

### **j) Trade and other receivables**

Insurance, trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less any impairment. A provision for impairment of a receivable is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

## **1. Accounting policies (cont.)**

### **k) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, cash in hand as well as short-term deposits with a maturity of three months or less and known redemption values which are held to manage short-term operational cash requirements on origination. This defines the cash and cash equivalents used in the statement of cash flows.

### **l) Share capital**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### **m) Employee retirement benefits**

Contributions to defined contribution schemes are recognised as employee benefit expenses, within net operating expenses, when they are due for payment.

### **n) Assets held under leases**

The Company only holds assets under operating leases. The rental costs relating to operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the life of the lease.

### **o) Financial investments**

Upon initial recognition, financial investments are classified as financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

#### ***Financial investments at fair value through profit or loss***

Financial investments are classified at fair value through profit or loss upon initial recognition under the fair value option.

The Company designates all financial investments under fair value through profit and loss as this categorisation significantly reduces recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

The Company manages these investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Regular purchases and sales of financial investments in the ordinary course of business are accounted for at trade date, which is the date that the Company commits to purchase or sell investments, at their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial investments are measured at fair value and changes therein are recognised in profit or loss. The fair value of the Company's investments are based on a quoted single prices.

Financial investments at fair value through profit or loss are Open Ended Investment Companies (OEICs).

Financial investments are derecognised when the contractual rights to receive cash flows from the investments expire, or where the investments have been transferred, together with substantially all the risks and rewards of ownership.

### **p) Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **2. Adoption of new and revised standards**

### **New and revised Standards that have not been adopted by the Company**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- **IFRS 16 – Leases (effective 1 January 2019, endorsed)**

IFRS 16 will replace IAS17 Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. IFRS 16 removes the distinction between operating and finance leases, with assets and liabilities recognised in respect of all leases. The Company has one lease for office space in Worthing. It has been assessed that based on the current arrangements there will be no material impact given the remaining period of the lease and annual charge. See Note 17 'Commitments' for operating lease disclosures under the current accounting standards.

- **IFRS 17 – Insurance Contracts (effective 1 January 2022, not yet endorsed)**

IFRS 17 replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. No impact is expected from adopting IFRS 17 as no insurance contracts are held.

- **IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2019, endorsed)**

In October 2017, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures. The amendments clarify that a company is to account for long-term interests in an associate or joint venture using IFRS 9, Financial Instruments when the equity method is not applied. Adoption of these amendments will not have an impact on the Company's financial statements as no associates or joint ventures are held.

- **IAS 19 – Employee Benefits (effective 1 January 2019, endorsed)**

In February 2018, the IASB issued amendments to IAS 19, Employee Benefits. The amendments clarify that updated actuarial assumptions are to be used in accounting for when a plan amendment, curtailment or settlement occurs. Adoption of these amendments will not have an impact on the Company's financial statements as no schemes are held.

- **IFRS 3 – Business Combinations (effective 1 January 2020, not yet endorsed)**

In October 2018, the IASB issued amendments to IFRS 3, Business Combinations. The amendments provide additional guidance as to whether a company acquired a business or a group of assets. This does not have an impact on the Company's financial statements as no acquisitions have taken place in the year.

- **IAS 1 – Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020, not yet endorsed)**

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. This does not have an impact on the Company's financial statements

## 2. Adoption of new and revised standards (cont.)

### New and revised Standards that have been adopted by the Company

In the current year, the following new and revised Standards and Interpretations have been adopted.

- **IFRS 9 - Financial Instruments**

IFRS 9 replaced IAS39 Financial instruments: Recognition and Measurement. IFRS 9 impacts both the measurement and disclosure of financial instruments. The new standard has not had a material impact to the Company given that the Company's financial instruments will still be measured at fair value and gains or losses on the financial instruments will still be recognised in profit or loss, as the Company does not have debt or equity investments.

- **IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 replaced IAS 18 Revenue. IFRS 15 established the principles about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard has not had a material impact to the Company given that the Company makes monthly charges for services performed over that period. These are settled as they fall due.

## 3. Service fees and other income

The Company earns fee income by performing policy administration and corporate servicing on behalf of its fellow subsidiary undertaking MGM Advantage Life Limited under a contractual services agreement. Service fees include initial policy set-up fees and maintenance fees for administering Enhanced Annuity (EA), Flexible Income Annuity (FIA), and The Retirement Account (TRA) products and are invoiced on a monthly basis. The Company also recharges project costs that it performs on behalf of the parties that it services and are invoiced on a monthly basis.

The 2017 result has been restated to gross up the service fee income and net operating expenses for £2,263k of revenue previously included within net operating expenses.

	<b>Year ended 31 Dec 2018</b>	<b>Year ended 31 Dec 2017</b>
	<b>£'000</b>	<b>Restated £'000</b>
Service fees	17,598	22,073
Project fees recharged	9,164	6,731
<b>Total</b>	<b>26,762</b>	<b>28,804</b>

#### 4. Net operating expenses

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	£'000	Restated £'000
<b>Included within net operating expenses are:</b>		
Staff costs, including Directors' remuneration	(11,958)	(13,308)
Legal and professional fees	(197)	(142)
Other fees and consultancy	(4,215)	(2,684)
Sales and marketing costs	(4,226)	(4,459)
Amortisation of intangible assets (see note 8)	(733)	(800)
Property lease costs	(351)	(343)
Other (Property maintenance, IT maintenance and outsourcing costs)	(6,250)	(7,626)
<b>Total</b>	<b>(27,930)</b>	<b>(29,362)</b>

The 2017 result has been restated to gross up the service fee income and net operating expenses for £2,263k of revenue previously included within other net operating expenses.

#### Statutory audit of MGM Advantage Services Limited

The statutory audit of the financial statements fee of the Company excluding VAT was £10,000 (2017: £6,000). This amount is included in the operating expenses of the Company.

#### Staff costs

The aggregate staff costs were:

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	£'000	£'000
Wages and Salaries	10,744	11,814
Social Security Costs	802	1,079
Pensions costs	412	415
<b>Total</b>	<b>11,958</b>	<b>13,308</b>

The average monthly number of employees during the year were:

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
	No.	No.
Administration	54	57
Sales, distribution and marketing	15	16
<b>Total</b>	<b>69</b>	<b>73</b>

## 5. Investment income

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
OEICs	8	1
<b>Total</b>	<b>8</b>	<b>1</b>

## 6. Income tax credit/(charge)

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
<b>a) Current year tax credit/(charge) reported in profit or loss:</b>		
Income tax – UK corporation tax credit on losses of the year	265	228
Adjustments in respect of prior year	(52)	(170)
	<b>213</b>	<b>58</b>
Deferred tax – Origination of timing differences	(39)	(126)
Adjustments in respect of prior year	28	66
Effects of change in tax rate	(13)	1
	<b>(24)</b>	<b>(59)</b>
<b>Income tax credit/(charge)</b>	<b>189</b>	<b>(1)</b>
<b>b) Tax reported in other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total tax credit/(charge) in the statement of profit or loss and other comprehensive income</b>	<b>189</b>	<b>(1)</b>

### c) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)

Loss on ordinary activities before tax	(1,160)	(557)
Loss on activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	220	107
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	(5)
Effects of change in tax rate	(7)	1
Prior year adjustments	(24)	(104)
<b>Total income tax credit/(charge) for the year</b>	<b>189</b>	<b>(1)</b>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the Company's future current tax charge accordingly.

## 7. Deferred taxation

	31 Dec 2018 £'000	31 Dec 2017 £'000
Deferred tax asset	244	268
<b>Total deferred tax asset</b>	<b>244</b>	<b>268</b>

The analysis of the deferred tax asset is as follows:

	£'000	£'000
Decelerated capital allowances	181	231
Unutilised tax losses carried forward	63	-
Research and development expenditure credit carried forward	-	37
<b>Total deferred tax asset</b>	<b>244</b>	<b>268</b>

Reconciliation of movement in deferred tax asset:

	£'000	£'000
Deferred tax asset at beginning of year	268	327
Deferred tax credit in profit or loss account (see note 6)	(24)	(59)
<b>Deferred tax asset at end of year</b>	<b>244</b>	<b>268</b>

## 8. Intangible assets

Intellectual  
property, contracts  
and licenses  
£'000

### Cost

At 31 December 2017	4,000
Additions	-
Disposals	-
At 31 December 2018	4,000

### Accumulated Amortisation

At 31 December 2017	(3,267)
Charge for the year	(733)
At 31 December 2018	(4,000)

### Carrying Amount

At 31 December 2017	733
<b>At 31 December 2018</b>	<b>0</b>



## 8. Intangible assets (cont.)

Of the total amounts presented above, the amounts expected to be recovered within one year and after one year are as follows:

Period of expected recovery	Intellectual property contracts and licenses £'000
<1 year	-
>1 year	-
<b>Total</b>	<b>-</b>

## 9. Financial investments

	<b>31 Dec 2018</b> <b>£'000</b>	<b>31 Dec 2017</b> <b>£'000</b>
OEICs	2,362	4
<b>Total</b>	<b>2,362</b>	<b>4</b>

### Financial Instruments

All financial investments are classified at fair value through profit and loss. In accordance with IFRS 13 – 'Fair Value measurement', financial instruments at fair value have been classified into three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

## 9. Financial investments (cont.)

An analysis of all items of the Statement of Financial Position is set out in the table below. Items are measured on either a recurring fair value basis, whereby the fair value measurement hierarchy is given, or they are measured at 'Other' measurement bases as disclosed within Note 1.

As at 31 December 2018	Fair value measurement				Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Other £'000	
<b>Financial investments</b>					
OEICs	2,362	-	-	-	2,362
	<b>2,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,362</b>
<b>Other assets</b>					
Deferred taxation	-	-	-	244	244
Income tax receivable	-	-	-	101	101
Amounts due from related undertakings	-	-	-	1,382	1,382
Trade and other receivables	-	-	-	168	168
Prepayments	-	-	-	374	374
Cash and cash equivalents	-	-	-	367	367
	-	-	-	<b>2,636</b>	<b>2,158</b>
<b>Total financial assets</b>	<b>2,362</b>	<b>-</b>	<b>-</b>	<b>2,636</b>	<b>4,998</b>

As at 31 December 2018	Fair value measurement				Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Other £'000	
<b>Liabilities</b>					
Amounts due to related undertakings	-	-	-	478	478
Trade and other payables	-	-	-	3,875	3,875
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,353</b>	<b>4,353</b>

## 9. Financial investments (cont.)

As at 31 December 2017	Fair value measurement				Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Other £'000	
<b>Financial investments</b>					
OEICs	4	-	-	-	4
	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Other assets</b>					
Deferred taxation	-	-	-	268	268
Intangible assets	-	-	-	733	733
Income tax receivable	-	-	-	340	340
Amounts due from related undertakings	-	-	-	3,122	3,122
Trade and other receivables	-	-	-	4	4
Prepayments	-	-	-	626	626
Cash and cash equivalents	-	-	-	3,037	3,037
	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,130</b>	<b>8,130</b>
<b>Total financial assets</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>8,130</b>	<b>8,134</b>

As at 31 December 2017	Fair value measurement				Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Other £'000	
<b>Liabilities</b>					
Trade and other payables	-	-	-	6,518	6,518
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,518</b>	<b>6,518</b>

The Company's policy is to assess pricing sources and other data feeds at the end of each reporting year.

There were no transfers between Levels 1, 2 and 3 during the year to 31 December 2018. There were no financial assets classified at Level 3 during the financial year.

## 10. Income tax receivable

	31 Dec 2018 £'000	31 Dec 2017 £'000
UK Corporation tax	101	340
<b>Total</b>	<b>101</b>	<b>340</b>

## 11. Related party transactions

### Immediate parent undertaking

The Company's immediate parent undertaking is MGM Advantage Holdings Limited, a company that is domiciled and incorporated in England and Wales. All of the Company's ordinary share capital is owned by MGM Advantage Holdings Limited.

### Ultimate parent undertaking

Since 2 January 2018 The Company's ultimate parent undertaking is Power Corporation of Canada a company that is domiciled and incorporated in Canada. Before 2 January 2018 the Company's ultimate parent undertaking was ICE Acquisitions S.à r.l. a company that is domiciled and incorporated in Luxembourg.

### Year end balances and transactions with related parties

In the year, transactions with related parties include all transactions with MGM Advantage Holdings Limited and its fellow subsidiary undertakings, MGM Advantage Life Limited, MGM Advantage Life Trustee Limited, and Stonehaven UK Ltd (the MGMA Group). Since 2 January 2018 transactions with related parties also include Canada Life Group (U.K.) Limited, Canada Life Asset Management Limited, and CLFIS (U.K.) Limited.

The following income/(expense) transactions were made with other Group companies:

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
<b>MGM Advantage Holdings Limited:</b>		
Expenses recharged	-	1,981
Management expenses recharged	(390)	(510)
<b>MGM Advantage Life Limited:</b>		
Service fees received for policy administration	15,758	19,770
Expenses recharged	1,742	6,731
Group relief tax recoverable	(228)	228
<b>MGM Advantage Life Trustee Limited:</b>		
Corporate service fees receivable	40	40
Expenses recharged	2	2
<b>Stonehaven UK Ltd:</b>		
Group relief tax recoverable	404	-
Service fees received	1,800	1,800
Expenses recharged	325	440
<b>CLFIS (U.K.) Limited:</b>		
Expenses recharged	7,422	-
<b>Total</b>	<b>26,875</b>	<b>30,482</b>

## 11. Related party transactions (cont.)

The following related party balances were due from related party undertakings and outstanding at the year end:

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>MGM Advantage Holdings Limited:</b>		
Expenses recharged	-	851
<b>MGM Advantage Life Limited:</b>		
Group relief tax recoverable	-	228
Expenses recharged	413	108
Service fees charged	(891)	1,910
	(478)	2,246
<b>MGM Advantage Life Trustee Limited:</b>		
Expenses recharged	2	2
<b>Stonehaven UK Ltd:</b>		
Group relief tax recoverable	404	-
Expenses recharged	56	23
<b>CLFIS (U.K.) Limited:</b>		
Expenses recharged	920	-
<b>Total</b>	<b>904</b>	<b>3,122</b>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Service fees payable to the Company from MGM Advantage Life Limited are based on a services agreement that sets out fees charged at a rate based on the number of policies that the Company administers.

Projects are undertaken on behalf of MGM Advantage Life Limited and CLFIS (U.K.) Limited for which reimbursement is subsequently received.

The related party balances are expected to be settled within one year of the reporting date.

## 11. Related party transactions (cont.)

### Directors' remuneration

During 2018 the directors of the Company had their remuneration paid by both the Company and CLFIS (U.K.) Limited, a fellow subsidiary of The Canada Life Group (U.K.) Limited. It is not considered practicable to apportion their emoluments between their services as directors of the Company and their services as directors of other group undertakings.

In 2017 the following payments were made by MGM Advantage Services Limited for the remuneration of the Directors, who are the key management personnel of the Company, for their services as Directors of the MGMA Group entities.

The amounts paid to them for their services to all the Group are set out below:

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
Aggregate emoluments including benefits	2,434	3,382
<b>Total</b>	<b>2,434</b>	<b>3,382</b>

#### The aggregate remuneration of the highest paid director was:

Aggregate emoluments including benefits	1,056	1,330
<b>Total</b>	<b>1,056</b>	<b>1,330</b>

During the year, contributions were made of £7k into the defined contribution pension scheme on behalf of the highest paid director. During the year contributions were made on behalf of one director into the defined contribution pension scheme. In 2017 no contributions were made to any director.

No share options were granted to related parties during the year (2017 - nil).

No compensation was paid for loss of office of directors (2017 - nil).

## 12. Trade and other receivables

	31 Dec 2018 £'000	31 Dec 2017 £'000
Other receivables	168	4
<b>Total</b>	<b>168</b>	<b>4</b>

All amounts presented above are expected to be recovered within one year.

## 13. Prepayments

	31 Dec 2018 £'000	31 Dec 2017 £'000
Prepayments recoverable within one year	374	626
<b>Total</b>	<b>374</b>	<b>626</b>

## 14. Cash and cash equivalents

	31 Dec 2018 £'000	31 Dec 2017 £'000
Cash at bank	367	3,037
<b>Total</b>	<b>367</b>	<b>3,037</b>

## 15. Equity

	31 Dec 2018 '000	31 Dec 2017 '000
Allotted, issued and fully paid ordinary shares	16,900	16,900
	<b>31 Dec 2018 £'000</b>	<b>31 Dec 2017 £'000</b>
Ordinary shares (nominal value of £1)	10,900	10,900
Ordinary shares converted from deferred shares (nominal value of £1)	6,000	6,000
Reserve against ordinary shares converted from deferred shares	(6,000)	(6,000)
Retained earnings	(10,255)	(9,284)
<b>Total</b>	<b>645</b>	<b>1,616</b>

The Ordinary shares are not restricted in respect of receiving distributions paid by the Company and are entitled to one vote per share held. On a return of assets on a winding up or disposal, or reduction of capital or otherwise (other than on a redemption or purchase of Shares) any assets of the company are available for distribution to the ordinary shareholders according to the number of shares held.

## 16. Trade and other payables

	31 Dec 2018 £'000	31 Dec 2017 £'000
Deferred bonus	1,070	2,108
Other taxation	19	51
Other payables	748	2,049
Accruals	2,038	2,310
<b>Total</b>	<b>3,875</b>	<b>6,518</b>

All payables above are due for settlement within one year.

## 17. Commitments

### Commitments to operating leases

The future minimum lease payments payable over the remaining terms of operating leases are as follows:

	31 Dec 2018	31 Dec 2017
	£'000	Restated £'000
Less than one year	50	50
Between one and five years	75	45
More than five years	-	-
<b>Total</b>	<b>125</b>	<b>95</b>

Lease payments relate to an operating leases for use of office property and equipment. The lease for office property in Worthing has a contractual term commencing 23 November 2016 for an 8 year period. In 2017 the Company had the option to terminate this lease after 3 years on 23 November 2019, provided 12 months advance notice was given to the landlord. During 2018 this has been renegotiated to move the break clause back to 30 June 2021.

The 2017 analysis has been restated to remove the lease on the London office as this lease is with fellow group company MGM Advantage Life Limited, although payments are made by the Company.

## 18. Risk management and controls

The risk management objective of the Company is to manage risks in accordance with its risk appetite and business strategy. The Company's risk management policies and the processes for identifying risks include identification and control of financial and liquidity risk, along with a lesser exposure to credit risk.

For each of the Company's risks, the Company determines its risk appetite and sets its policies accordingly. Risk owners are assigned to manage these risks and there are key process controls to identify, assess, monitor, report and mitigate these risks.

The largest financial risk the Company faces is the risk of loss arising from changes in the value of the subsidiaries that the company invests into. The financial risks of these subsidiaries include: market risk; market concentration risk; credit risk; property risk; interest rate risk (including asset liability mismatch risk); liquidity risk; expense risk; operational risk; reputational risk; strategic risk; and conduct risk. These risks are managed by each of the subsidiaries in their own right.

### **Liquidity risk**

The Company's exposure to liquidity risk is the difficulty the Company could encounter in raising funds to meet its commitments or equivalently, discharge its financial obligations. The Company mitigates this exposure by monitoring its cash requirements on a daily basis to ensure it has sufficient liquidity to carry out its activities and taking relevant management action when necessary.



## 18. Risk management and controls (cont.)

The table below summarises the contractual maturity profile of the liabilities of the Company.

### Maturity profile of liabilities:

#### At 31 December 2018

	Within 1 year	1-5 years	5-10 years	Over 10 years	Total
	£'000	£'000	£'000	£'000	£'000
Amounts due to related undertakings	478	-	-	-	478
Trade and other payables	3,875	-	-	-	3,875
<b>Total</b>	<b>4,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,353</b>

### Credit risk

The Company only has a relatively immaterial exposure to credit risk as it has only has a small value investment in an Institutional Liquidity Fund ('ILF') OEIC and is exposed to credit risk from other group companies for recovery of management fees charged, expenses recharged and tax loss surrenders, although periodic settlement of intra-group balances is carried out.

### Summary of principal asset bearing credit and market risk exposure for the Company, which are neither past due or impaired:

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Financial investment (note 9)	2,362	4
<b>Total</b>	<b>2,362</b>	<b>4</b>

### Market risk

Market risk is the risk of loss or of adverse change in the financial situation, resulting directly or indirectly from fluctuations in the level of and in the volatility of market prices of assets, liabilities and financial instruments. Given the Company has only invested in an ILF, which is a collection of sterling liquid funds, fluctuations and volatility of the value of this asset are not expected and as such no sensitivity analysis is performed.

## 19. Ultimate parent company

The immediate parent company of MGM Advantage Services Limited is MGM Advantage Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent company, which is also the parent company of the largest group of companies for which consolidated financial statements are drawn up and of which the Company is a member, is Power Corporation of Canada, a company incorporated in Canada. The parent company of the smallest group for which consolidated financial statements are drawn up and of which the Company is a member, is The Canada Life Assurance Company, a company incorporated in Canada.

Copies of the group financial statements for both The Canada Life Assurance Company and Power Corporation of Canada can be obtained from Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA.

The ultimate parent undertaking of the Company at 31 December 2017 and up to 2 January 2018 was ICE Acquisitions S.à r.l., a company incorporated in Luxembourg. The financial statements of ICE Acquisitions S.à r.l. can be obtained from Siège Social: 20 rue Eugène Ruppert, L-2453, Luxembourg.